

Message Text

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ACTION EB-08

INFO OCT-01 EA-10 ISO-00 CAB-02 CIAE-00 COME-00
DODE-00 DOTE-00 INR-10 NSAE-00 FAA-00 L-03 TRSE-00
PM-05 NSC-05 SP-02 SS-15 H-01 /062 W
-----001712 160500Z /13
P 160350Z MAR 78
FM AMCONSUL HONG KONG
TO SECSTATE WASHDC PRIORITY 9446

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STATE FOR EB/OA/AVP/JAMES M. ROBERTS

EO 11652: N/A
TAGS: EAIR, HK
SUBJECT: INSURANCE REQUIREMENTS FOR NON SCHED AIRCRAFT IN HONG KONG

REF: (A) HK1052; (B) ROBERTS-MCCAHILL MEMO OF NOV. 17, 1977

1. SUMMARY: PURSUANT TO TELEPHONE CALL FROM US INQUIRER, CONGEN REOPENED QUESTION OF INSURANCE REQUIREMENTS FOR NON-SCHEDULED AIRCRAFT IN HONG KONG AND HAS DEVELOPED NEW INFORMATION WHICH MAY BE AT VARIANCE WITH THAT WHICH WE REPORTED IN REFTEL (A). END SUMMARY.

2. MR. JOE BENICH, PRESIDENT, NOMADS INC., 9293 MIDDLEBELT ROAD, ROMULUS, MICHIGAN 48174 CALLED CONSULATE MARCH 14 TO COMPLAIN THAT HIS PRIVATE NON-PROFIT TRAVEL CLUB WOULD BE REQUIRED TO PAY WHAT HE TERMED EXORBITANT ISURANCE FEES IN HONG KONG. BENICH CLAIMED TO HAVE SPOKEN TO STATE OFFICER WITHOUT SATISFACTION.

3. CONGENOFF EXPLAINED TO BENICH THAT RULING OF HKG WAS NON-DISCRIMINATORY AND THAT ALL NON-SCHS HAD AGREED TO NEW FEES. BENICH COUNTERED WITH ARGUMENT THAT NOMADS
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NOT PROFIT MAKING ORGANIZATION BUT PRIVATE NON-PROFIT CHARTERED GROUP FOR MEMBERS ONLY AND SHOULD BE EXEMPTED AND REQUESTED POST ASSISTANCE IN INTERCEDING WITH HKCAD.

4. DRAFTING OFFICER CALLED REYNAUD OF HKCAD MARCH 15 TO VERIFY THAT PROPOSED RULE HAD BEEN PUT INTO EFFECT AND LEARNED THAT IF NOMADS IS GENUINE NON-PROFIT

PRIVATE ORGANIZATION, POSSIBILITY EXISTS THAT NEW
US\$150 MILLION WILL NOT BE REQUIRED. REYNAUD WAS
CAUTIOUS IN COMMENTING BUT AGREED TO TAKE MATTER
UP WITH DIRECTOR CIVIL AVIATION AND RESPOND TO CONSULATE
WITHIN 48 HOURS.

5. REYNAUD'S STATEMENTS ALSO INDICATED THAT NON-
COMMERCIAL, I.E., CORPORATE OR PRIVATE PLEASURE
AIRCRAFT MIGHT ALSO BE EXEMPTED FROM THE NEW HIGHER
INSURANCE REQUIREMENT.
CARRIERS SUCH AS TIA AND OTHER REGULAR SUPPLEMENTAL
CHARTER AIRLINES WERE, HE SUGGESTED, THE ONLY ONES
IN MIND WHEN THE REGULATION WAS DRAFTED.

6. THE ABOVE IS TENTATIVE AND AN INTERIM REPORT ONLY.
PENDING REYNAUD'S DISCUSSION WITH HIS DIRECTOR,
POST RECOMMENDS THAT BENICH ONLY BE TOLD THAT
WE ARE DISCUSSING THE MATTER AND THAT A DEFINITIVE
ANSWER SHOULD BE AVAILABLE EARLY WEEK OF MARCH 20.

7. COMMENT: REYNAUD WAS SURPRISED AND SOMEWHAT
NERVOUS THAT CONSULATE HAD CALLED AND MADE
SEVERAL COMMENTS THAT CAD DID NOT WISH TO SEE THIS
AFFAIR ESCALATE TO AN OFFICIAL GOVERNMENT-TO-GOVERNMENT
LEVEL.
HE HOPED WE COULD RESOLVE IT INFORMALLY TO
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WHICH WE NATURALLY AGREED.

8. ACTION REQUESTED: POST WOULD APPRECIATE DEPARTMENT
CALLING BENICH AND ADVISING HIM THAT MATTER IS STILL
OPEN AT PRESENT AND THAT DECISION SHOULD BE
FORTHCOMING EARLY NEXT WEEK.
SHOESMITH

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